

GSAssociates

Business Partners and Certified Public Accountants



Independent Auditor's System Report
For Payphone Compensation
As required by FCC Order 03-235
Docket No. 96-128

1200 Old Alpharetta Road
Alpharetta, GA 30005



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Independent Auditor's System Audit Report

Senior Management
Texlink Communications, Inc.

At the request of the management of Texlink Communications, Inc. (Texlink), we have examined the call tracking systems of Texlink for payphone calls in compliance with FCC Order 03-235, Docket No 96-128. Texlink management is responsible for compliance with those requirements. (See Appendix '2') Our responsibility is to express an opinion on Texlink's compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives – namely, that the call tracking system of Texlink accurately tracks payphone calls to completion and that Texlink satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence of compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Texlink's compliance with specified requirements.

In our opinion, Texlink complied, in all material respects, with the aforementioned requirements for the period mentioned through June 30, 2008. Texlink has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that the Texlink's call tracking system accurately tracks payphone calls to completion.

The description of policies & procedures concerning Payphone Compensation at Texlink, as well as information concerning tests of the operating effectiveness includes the period of Q1 2009. Information concerning payments made includes the period through Q2 2008. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at Texlink is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Texlink, and is not intended to be and should not be used by anyone other than the specified party.



GSAssociates
June 30, 2009



Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004, requiring Interexchange Carriers (IXC's), Local Exchange Carriers (LEC's) and Switch Based Resellers (SBR's) to establish and maintain a comprehensive Call Tracking System (CTS) which accurately reports and compensates Payphone Service Providers (PSP's).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor's report shall conclude whether the SBR, LEC, or IXC complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the SBR's procedures accurately reflect the Commission's rules, including the attestation reporting requirements.
- 2) Whether the SBR has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the SBR has effective data monitoring procedures.
- 4) Whether the SBR adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the SBR has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the SBR has procedures to incorporate call data into required reports.
- 7) Whether the SBR has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the SBR's have adequate and effective business rules for implementing and paying payphone compensation.



Background

Texlink Communications, Inc. (TEXLINK) is a CLEC headquartered in San Antonio Texas, which provides services to non-residential customers within the state of Texas. They have been in operation since 1994. TEXLINK utilizes the services of an outside clearinghouse, Billing Concepts (BSG) to process payments to PSP's.

Audit Process & Procedures

TEXLINK has been compensating PSP's through BSG, a payphone clearing house since the inception of the order in 2004. The primary focus of our audit was the testing of TEXLINK's call tracking system, policies and procedures. Specifically, is the Company able on a consistent basis able to identify, isolate and report on completed calls to its platform? We performed test calls and reviewed CDR to test the effectiveness of the Call Tracking System. TEXLINK has contracted with BSG for payment clearinghouse services. As such, GSA will certify compliance on points 1 – 5, 8, and 9 inclusive, points 6 and 7 are covered under BSG's SAS 70 (Appendix '1'). Although TEXLINK utilizes the services of an outside clearinghouse, it does not relinquish ultimate responsibility for payments to PSP's. As such it is important that TEXLINK continuously monitor the process and results of the clearinghouse to be sure that disputes do not arise. Through interviews with key personnel we will determine if those employees charged with operating and maintaining the call tracking system are educated and up to date on the current FCC order. These interviews will also assist in identifying if any gaps exist in the current process in the past or potentially in the future. We will also conduct interviews to determine if the appropriate controls are in place to guarantee consistency and accuracy in the compensation and call tracking systems.

The guidelines used to conduct and prepare this report are established in the AICPA's Statements on Standards for Attestation Engagements (SSAE), specifically, SSAE 10, AT Section 101 *Attest Engagements* and AT Section 601 *Compliance Attestation*.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
 - a) *Objectivity* – free of bias
 - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.



- c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
 - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an independent mental attitude in all matters relating to the engagement.
- 5) Exercise due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

FACTOR 1: Payphone Compensation Policies & Procedures.

TEXLINK has established and documented policies in compliance with the Dial Around Compensation FCC order:

- 1. Backup Policy.
- 2. Log Tracking & Archive Process.
- 3. Core Security Policy.
- 4. Physical Security Policy.
- 5. Host / Server Security Policy.
- 6. Change Control Policy.
- 7. Password Policy.
- 8. Information Access Control Policy.
- 9. Monitoring Policy.
- 10. Firewall Policy.

TEXLINK has also drafted and implemented a dispute resolution process which includes but is not limited to:

- 1. Responsible parties
- 2. Data file Retention period
- 3. Compensation file Retention period
- 4. Compensation reporting requirements

TEXLINK has in place a detailed process document which outlines the steps necessary to retrieve and consolidate data from its platform in preparation for transfer to BSG. This procedure guarantees that the integrity of data on a month by month/quarter by quarter basis will be consistent. This document includes but is not limited to:



1. Responsible parties
2. Location of databases
3. Steps for uploading data to clearing house.

GSA has previously reviewed these documents and the Company attests that they are still in use and current. GSA also received Company attestation that no material changes have been made to the Call Tracking System, programs or stored procedures in the past year.

FACTOR 2: Responsible Dedicated Staff.

Texlink has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. Shelly Hendrix, VP of Business Operations is responsible for drafting necessary business requirements.
2. The VP of Business Operations, Shelly Hendrix, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. The VP of Business Operations, Shelly Hendrix, is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. Shelly Hendrix, VP of Business Operations is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The VP of Business Operations, Shelly Hendrix, is responsible for developing compensation tracking reports.
6. Shelly Hendrix, VP of Business Operations is responsible for dispute resolutions.

FACTOR 3: Data Monitoring Procedures.

TEXLINK has developed a systematic reporting process that can be generate daily, monthly and quarterly reports on payphone call counts, numbers called, and info digits used as a subset of their total CDR accumulation. Currently TEXLINK is utilizing the services of BSG, a payphone compensation clearinghouse to fulfill its requirements to PSP's. As such, BSG has provided to TEXLINK formats and data requests to facilitate the transfer of data and the processing and payment of compensation to PSP's. Management regularly reviews this data on a monthly and quarterly basis for accuracy and completeness. GSA has been provided with this data and has determined that TEXLINK can produce reports on a regular basis that reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.



- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

The Company has attested that no material change, other than regular maintenance, has been made to any platform that is used to capture payphone compensation data.

FACTOR #4: Compensation Assurance Protocols.

TEXLINK has established policies (refer to Audit Factor #2) which guarantee that the Company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in the aforementioned policy section and do not adversely affect its call tracking capabilities. TEXLINK has placed the ownership of these processes with senior management, insuring that no changes which could jeopardize the process can occur. GSA has previously reviewed these documented policies and management has attested to the continued compliance with these policies (Appendix '2'). In addition, by utilizing the services of BSG, and legal counsel, TEXLINK will remain informed of all pertinent changes to the FCC mandated compensation regulations. The Company maintains at a minimum 6 quarters of past CDR and Compensation files required by the FCC.

FACTOR #5: Compensable Call File and Reporting.

TEXLINK retrieves all data directly from company CDR and prepares online reports for utilization in the compensation process. The Company has documented this process including the various queries utilized to extract the data. TEXLINK provided CDR specifically for test calls that GSA made for review. We determined that these files contained all of the necessary data that is required by the clearinghouse to perform the ANI match and to prepare detailed reports for compensation. The Company achieved 100% accuracy with test calls conducted. TEXLINK also indicated that its compensation captures all traffic from inbound toll free numbers regardless of what the utilization of the toll free. This process insures that it will capture all payphone calls including those which are pointed at its customer service center.

***FACTOR #6: Required Reporting.***

BSG through contractual arrangements with the Company is responsible for this factor. (Appendix '1'). TEXLINK receives summary data from BSG each quarter. Shelly Hendrix, VP of Business Operations, reviews this data for accuracy before remitting to BSG.

FACTOR #7: Dispute Resolution Procedures.**7.1 BSG Contractual Obligation**

BSG through its contract with TEXLINK will handle all disputes that arise from the matching and payment of payphone compensation. It is their obligation to keep current data for payphone ownership to insure accurate and timely payments (Appendix '1').

7.2 TEXLINK Dispute Resolution Process

The Company has assigned their VP of Business Operations, Shelly Hendrix, as the individual responsible for processing payments to PSP's and aggregators and for managing the in house payphone compensation system, and should the need arise for additional information regarding a dispute, Ms. Hendrix would handle the request.

FACTOR #8: Independent Testing of Critical Controls and Procedures.**8.1 Payphone Call Tracking System Test**

TEXLINK operates as a CLEC providing telecom services to customers in Texas. Their platform is capable of capturing all relevant components of the call stream from origination to completion. This ability is the backbone of its call tracking system. In order to test the accuracy of the call tracking system GSA conducted test calls from several sources including payphones, landlines and wireless lines to company toll free access numbers. Our test calls were both complete and incomplete. We determined the following:

1. All necessary information, related to call origination, required to record payphone calls appears. The Company defines procedures for identifying the accurate Payphone Operator code from the ANI data transmission and, further, identifies their coding procedures for segmenting completed calls with payphone codes.



2. Toll Free Number was present. This is used to determine if compensation should be paid, or not paid based on alternative compensation agreements.
3. Date and Time stamp, necessary to process a compensable call in the appropriate quarter.
4. Payphone Identifier, to further help identify a compensable call.

TEXLINK has executed no opt in agreements with carriers, and assumes 100% responsibility for payphone compensation.

8.2 Alternate Compensation Agreements

TEXLINK does not currently have any alternate compensation agreements with its wholesalers, customers or PSP's.

FACTOR #9: Adequate and Effective Business Rules.

Through observations and interviews of key personnel at TEXLINK, GSA found that all of the policies and procedures discussed in this document are instituted throughout the organization. The personnel assigned to various aspects of the system are well versed in the process, and understand the rules and consequences of non compliance. Therefore with the combination of education, procedures, executive oversight and outside consulting, TEXLINK has in place adequate and effective business rules for implementing and paying payphone compensation in a timely and accurate basis.

Audit Conclusions

1. FCC Relevant Rules Accurately Stated

Texlink has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Dispute Resolution.
- Data Storage Requirements.



2. Established Security Protocols

Texlink has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel. Monitoring tracking systems have been installed to limit access to the company's call tracking system. Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.

3. Audit Findings

TEXLINK, a Texas Corporation, with principal operations in San Antonio Texas since 1994, is a CLEC that provides customized voice and data services all on one bill to small and medium sized businesses in Austin, Dallas, Houston and San Antonio. GSA has validated payments made through Q2 of 2008, and received verification that payments were made for the previous 4 quarters, as such GSA has determined that TEXLINK is in compliance with all factors of FCC Order 03-235, Docket No 96-128. GSA has verified that the Company has a viable compensation system that accurately tracks and reports payphone calls. We have determined that TEXLINK will be able to continue to operate their compensation system accurately and consistently in the future.

Appendix #1 – BCI SAS 70

Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Service Auditors' Report

To the Board of Directors
BSG Clearing Solutions, Inc.
San Antonio, Texas

We have examined the accompanying description of the controls of BSG Clearing Solutions, Inc. ("BSG") applicable to recordkeeping, reporting, and payment services provided to its clients by the Dial Around Compensation ("DAC") team of BSG. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of BSG's controls as they relate to DAC; (2) the controls, included in the description, were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and user organizations applied those aspects of internal control contemplated in the design of BSG's controls; and (3) such controls had been placed in operation as of March 31, 2008. The control objectives were specified by management of BSG. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls of BSG, presents fairly, in all material respects, the relevant aspects of BSG's controls that have been placed in operation as of March 31, 2008. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations applied those aspects of internal control contemplated in the design of BSG's controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specified controls, as listed in Section IV, to obtain evidence about their effectiveness in meeting the related control objectives during the period from April 1, 2007 to March 31, 2008. The specific control objectives; controls; and the nature, timing, extent, and results of the tests are listed in Section V. This information has been provided to DAC customers of BSG and to their auditors to be taken into consideration, along with information about BSG's customers' internal controls, when

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making assessments of control risk for BSG's customers. In our opinion, the controls we tested (Section V) were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance the control objectives specified in Section IV were achieved during the period from April 1, 2007 to March 31, 2008.

The relative effectiveness and significance of specific controls at BSG and their effect on assessments of control risk at BSG customers are dependent on their interaction with internal control, and other factors present at individual BSG customers. We have performed no procedures to evaluate the effectiveness of internal control at individual BSG customers.

The description of controls at BSG is as of March 31, 2008, and information about tests of the operating effectiveness covers the period from April 1, 2007 to March 31, 2008. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the system in existence. The potential effectiveness of specific controls at BSG is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for use by management of BSG, its DAC customers, and the independent auditors of such customers.



Certified Public Accountants
June 20, 2008

Appendix #2 – Company and System Attestation



Tex-Link Communications, Inc.

Report of Management on Compliance with Applicable Requirements of Section 64.1310(a)(1) of the FCC's Rules and Regulations

The management of Texlink Communications is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2004, the Company complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to the Company Payphone Call Tracking Systems.

Company is acknowledged as the "Completing Carrier" in the following call scenarios:

- Local Toll and Local Operated assisted calls with the Info Digits (7, 27, and 70) completed by Company ("0" indicator).

All assertions for Company are from the point Company has visibility to the call tracking data.

Company utilizes a payment clearinghouse for payphone compensation settlement. As such, Factors (6) and (7) in their entirety and Factors (8) and (9) collectively are covered under the SAS-70 compliance report issued for the clearinghouse. Company has procedures in place to verify that controls and procedures relating to these assertions have been established and maintained. An independent accounting firm has performed an independent assessment of the effectiveness of such controls.

Company represents the following assertions where it is identified as the Completing Carrier:

FCC Compliance Factor (1) – Company (“Completing Carrier”) procedures accurately track calls to completion.

FCC Compliance Factor (2) – Company (“Completing Carrier”) has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

FCC Compliance Factor (3) - Company (“Completing Carrier”) has effective data monitoring procedures.

FCC Compliance Factor (4) - Company (“Completing Carrier”) adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.

FCC Compliance Factor (5) – Company (“Completing Carrier”) creates a compensable payphone call file by using internal customer information matched to toll free records. This file contains all payphone traffic with payphone identifiers.

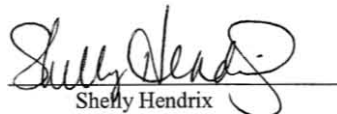
FCC Compliance Factor (6) – Company (“Completing Carrier”) has procedures to incorporate call data into required reports and making payment to PSPs.

FCC Compliance Factor (7) - Company (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.

FCC Compliance Factor (8) – Critical controls and procedures have been tested by Company (“Completing Carrier”) to verify that errors are insubstantial.

FCC Compliance Factor (9) – Company (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.

Dated: April 27, 2009



Sherry Hendrix
Vice President - Business Operations
Tex-Link Communications, Inc.



April 27, 2009

GSAssociates, Inc.
1200 Old Alpharetta Road
Alpharetta, Georgia 30009

To Whom It May Concern:

As the responsible party for Tex-Link Communications, Inc. Payphone Compensation program, I attest that there have been no undocumented or untested program changes to the Payphone Compensation system utilized by Tex-Link Communications, Inc.

In addition, I certify that there has been no material change in the processes or procedures associated with the aforementioned Payphone Compensation system.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shelly Hendrix', written over a horizontal line.

Shelly Hendrix
Vice President – Business Operations

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